

What are the banking and situational based questions asked in IBPS PO interview?

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SET-6

01.

What do you mean by arbitrage?

It is the process of purchase of one security from one market and selling the same security for earning a profit at the same time at another market.

02.

What do you mean by Bonus shares?

It is the free allotment of shares in certain proportion to the existing shares held by the shareholders of a company and this is a means of providing reward to the investors for their contribution to the growth of the organization by capital investment

03.

What do you mean by Bull?

It is a term given to a speculator on stock exchange who buys the securities in expectation of a rise in the prices. The market is called as bullish when there is a domination of buyers over the sellers

04.

What is known as dematerialization?

Dematerialisation is the process by which shares in the physical form are cancelled and they are issued in electronic form. The certificates are known as demat shares. This process eliminates the time and manpower involved in transfer and registration of shares from the seller to the buyer

05.

What do you mean by moorat trading?

It is the auspicious trading on a special day, say Diwali during some specified hours.

06.

What do you mean by rights issue?

It is the issue of new shares to the existing shareholders in a fixed ratio to those already held at a price which is generally below the market price of the old shares.

07.

What do you mean by futures?

It is a standard contract issued on an agreement to buy or sell an asset at a certain price at a certain time in future. It is an obligation on the buyer to purchase the underlying instrument and the seller to sell it.

08.

What do you mean by forward?

The forward is a contract that is traded off the stock exchange and it is self regulatory and has certain flexibility unlike future which are traded at stock exchange only and it do not have flexibility of quantity and quality of commodity to be delivered and these are regulated by

Securities Exchange Board of India, Reserve Bank of India or other agencies.

09.

What do you mean by factoring?

Factoring is an arrangement in which short term domestic receivables on sale of goods or services are sold to a company called as factor and this scheme came into existence during 1991 based on the report of Kalyanasundaram Committee

10.

What do you mean by forfeiting?

Forfeiting represents the purchase of obligations, which fall due at some future date and arise from the delivery of goods in export transactions, without recourse to the previous holder of the obligations.

11.

What do you mean by leasing?

A lease is a contract where the owner of the assets transfers the right to another person to use the assets against the payment of fixed lease rentals. In the case of one lease contract, there are two parties namely – the lessor or the owner and the lessee or user. The lessor remains owner and the leased property remains with the possession of the lessee.

12.

What do you mean by debt market?

It is a market wherein the debt instruments are issued to the public by any company for investment and such debt instrument bears a fixed interest rate payable half yearly on specific dates and principal amount

repayable on particular date on redemption. Debentures are normally secured/charged against the asset of the company in favour of debenture holder. The following are some debt instruments – debenture; bond; zero coupon bond; convertible bond; security receipts etc.,

13.

What do you mean by greenshoe option?

It is an option provided by Securities and Exchange Board of India to a company which is coming out with one initial public offer to the public. By this option, the company can retain certain portion of the applications received through IPO in case of oversubscription.

14.

What do you mean by equity market?

Equity market consists of investment by the public in different kinds of shares issued by the company and by subscribing for the shares, the investors are expressing their willingness to stand as owners of the company. The equity market consists of equity shares, preference shares, rights shares, bonus shares etc.,

15.

What do you mean by sweat equity?

Directors and employees contribute intellectual property rights to the company in the form of providing technical know-how captured by way of research or contributed by way of strategy software developed for the company or adding profit and economic value. To compensate the directors and employees, the concept of sweat equity has come into existence.

16.

What do you mean by participatory notes?

A participatory note is a financial derivative instrument issued against an underlying security and it allows the holder, to get dividend or capital gains earned from the underlying security although some of the holders may not be eligible to trade in stock markets in India.

17.

What do you mean by book building?

Book building is the process to assess the demand for a particular public issue of various prices, based on which the issue is priced and sold to the investors.

18.

What do you mean by sensex?

It is a stock market index provided by Bombay Stock Exchange for the information of the investors. The positive or negative variation in the index provides an insight for investment or dis-investment to the general public and especially the investors in the stock market. It is based on the market capitalization of top thirty shares earmarked by BSE

19.

What do you mean by Nifty?

It is a stock market index provided by National Stock Exchange for the information of the investors. The positive or negative variation in the index provides an insight for the investment or dis-investment to the general public and especially the investors who are participating in stock market trading. It is based on the market capitalization of top fifty shares earmarked by NSE

20.

What do you mean by swap?

A swap is a contract that binds two counterparties to exchange the different streams of payments over the specified period at specified rate.

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